

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission, on its own)	
motion, seeking to investigate and adopt)	Application No. NG-0028/PI-97
policies for administration of Consumer)	
Choice Programs offered by Jurisdictional)	
Utilities for natural gas service in Nebraska)	

COMMENTS OF ONEOK ENERGY MARKETING COMPANY

By Order issued June 14, 2005, the Nebraska Public Service Commission (“the Commission”) sought comments relating to policies for administration of Consumer Choice Programs offered by Jurisdictional Utilities for natural gas service in Nebraska. Written comments are due August 15, 2005, and a Workshop is scheduled for September 21, 2005.

ONEOK Energy Marketing Company (“OEMC”) is a competitive natural gas provider in the state of Nebraska, as authorized by a certificate of authority granted by the Commission by Order issued April 27, 2004 in Application No. NG-0017. OEMC appreciates the opportunity to participate in this proceeding and in the Workshops and hearings to be conducted herein. OEMC submits the following Comments for the Commission’s consideration, and reserves the right to supplement these Comments at the Workshops and/or the formal hearing in this matter.

COMMENTS

Issue 1: Adoption of a standard code of conduct for jurisdictional utilities seeking to offer consumer choice programs, using Kinder Morgan, Inc.’s Code of Conduct in its Nebraska Gas Tariff, General Terms and Conditions, Item No. 38, for purposes of discussion.

Comment: OEMC believes that the Commission should adopt a standard Code of Conduct to be followed by jurisdictional utilities that have choice gas programs or are considering the adoption of choice programs. Having in place a universal standard would not only enable the Commission to more easily perform its regulatory role, it would also ease the process of participation in the various choice programs by the interested competitive natural gas providers and consumers. However, the jurisdictional utilities should have the ability, upon review and approval by the Commission, to modify or supplement their respective Codes of Conduct as necessary due to operational differences between multiple jurisdictional utilities. OEMC reserves comment to a later date regarding the use of Kinder Morgan's Code of Conduct as a template.

Issue 2: Production of educational information by the Commission for consumers regarding consumer choice programs, such as pamphlets and website materials, using examples collected by Commission staff from other states for purposes of discussion, available for interested parties to review via Internet links on the Commission's website at www.psc.state.ne.us.

Comment: The Commission certainly should play a role in helping to educate consumers as to the reasons for allowing jurisdictional utilities to offer choice programs and the potential benefits of such programs. However, the Commission should refrain from publishing any materials that could possibly be construed as endorsing one type of program over another. OEMC believes that the description of choice programs offered by utilities under the Commission's jurisdiction should be the responsibility of the utility offering such programs, possibly with Commission oversight regarding the content of any educational materials provided to consumers. The Commission could provide links on its website to the utilities where program descriptions can also be found.

Issue 3: Annual reporting requirements for jurisdictional utilities that offer consumer choice programs and competitive natural gas providers that participate

in consumer choice programs, including, but not limited to, customer take rates for each supplier, the default rate, information on range of rates and offerings available from each supplier during a consumer choice program selection period.

Comment: It is appropriate for the Commission to establish reasonable annual reporting requirements for the jurisdictional utilities that implement a choice gas program in order to determine if the various programs are fair, competitive, and ethical and provide consumers with competitive options and choices for purchasing their natural gas supply. However, the competitive natural gas providers should not be required to report directly to the Commission. Rather, they should provide the relevant information to the individual jurisdictional utilities, which can then utilize the information in connection with their annual reports and in assessment of the success of the program and competence of the individual suppliers. See also Comments to Issues 4 and 5, below.

Issue 4: Whether and how to calculate historic cost comparisons among the suppliers for the benefit of consumers and the Commission.

Comment: OEMC submits that the Commission should not attempt to calculate historic cost comparisons among gas suppliers. Not only is such an exercise irrelevant (and would appear to be an attempt to use past results to determine future performance), it simply cannot be done in a fair and accurate manner. Furthermore, publication of the result of any such comparison could also be viewed as an endorsement by the Commission of one supplier over another, which should not be a role of the Commission.

Issue 5: Auditing of consumer choice programs, including, but not limited to, auditing costs of administration of a consumer choice program by a jurisdictional utility.

Comment: This issue appears to be related to Issue 3 (pertaining to annual reports), but OEMC suggests that more information is needed before a definitive responsive can be provided to this question. If the goal of a Commission audit of choice programs is to ensure that the programs are fair, competitive, and ethical and provide consumers with competitive options and choices for purchasing their natural gas supply, OEMC would agree that a periodic audit would be appropriate. However, if the goal of an audit is instead to ascertain if a program has provided cost benefits or perceived savings to consumers, then OEMC submits that such an audit is not appropriate, particularly without any determination of the measure of success or the audit process to be followed. OEMC would appreciate the opportunity to further address this issue at the Workshop to be conducted as part of this proceeding.

WHEREFORE, ONEOK Energy Marketing Company respectfully requests the Commission to give consideration to these Comments in connection with its investigation of policies for administration of Consumer Choice Programs offered by Jurisdictional Utilities for natural gas service in Nebraska.

DATED: August 15, 2005.

Respectfully submitted,

ONEOK ENERGY MARKETING COMPANY

By: _____

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